

**ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY COMMITTEE**

<b>Date of Meeting</b>	Tuesday, 10 <sup>th</sup> October 2023
<b>Report Subject</b>	Budget 2024/25 – Stage 2
<b>Cabinet Member</b>	<p>Cabinet Member for Planning, Public Health and Public Protection</p> <p>Cabinet Member for Climate Change and Economy</p> <p>Cabinet Member for Streetscene and the Regional Transport Strategy</p> <p>Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value &amp; Procurement</p>
<b>Report Author</b>	Corporate Finance Manager and Chief Officer (Planning, Environment and Economy) and Chief Officer (Streetscene and Transportation)
<b>Type of Report</b>	Strategic

**EXECUTIVE SUMMARY**

As in previous years, the budget for 2024/25 will be built up in stages.

The first stage has been concluded by the establishment of a robust baseline of cost pressures together with Member workshops to ensure Members had a full understanding of service budgets including current cost pressures and risks.

In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2024/25, which showed that we had a minimum additional revenue budget requirement estimated at £32.386m.

The report also provided an update on the work undertaken by portfolios over the Summer to review pressures, their historic outturn position and to consider further proposals for efficiencies to be considered as part of the strategy to balance the budget.

The review by Overview and Scrutiny Committees throughout October and November of budget pressures and proposed efficiency options will form Stage 2 of the budget setting process, alongside the receipt of the Welsh Local Government Provisional Settlement, anticipated on 20<sup>th</sup> December. Stage 3 will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set.

A further meeting of the Corporate Resources Overview and Scrutiny Committee (open to all Members) will be held on 16<sup>th</sup> November 2023 which will summarise the work undertaken so far to meet the budget gap.

The details of the cost pressures and proposed efficiency options for the Planning, Environment and Economy portfolio and the Streetscene and Transportation portfolio, which fall within the remit of this Committee are included within this report. The Committee is invited to review and comment on these cost pressures, proposed efficiencies, and associated risks.

The Committee is also invited to advise on any additional areas of cost efficiency it believes should be explored further and the reasoning behind the request.

A slide presentation will be made at the meeting.

## RECOMMENDATIONS

1	Review and comment on the Planning, Environment and Economy portfolio's cost pressures.
2	Review and comment on the Planning, Environment and Economy portfolio's options to reduce budgets.
3	Review and comment on the Streetscene and Transportation portfolio's cost pressures.
4	Review and comment on the Streetscene and Transportation portfolio's options to reduce budgets.
5	To advise on any areas of cost efficiency it believes should be explored further.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BUDGET POSITION 2024/25</b>
1.01	The first stage for budget setting was concluded in September where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout October and November of these cost pressures and proposed efficiency options will form part of stage 2 with stage 3 being the identification of the full set of budget solutions required to ensure a legal and balanced budget is set.
1.02	In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2024/25, which showed that we had a minimum additional revenue budget requirement estimated at £32.386m. The report also provided an update on the work undertaken by portfolios over the Summer to review pressures, the outturn position and to consider further proposals for efficiencies to be considered as part of strategy to balance the budget.

1.03	<p>The purpose of this report is to set out in detail the cost pressures and proposed efficiency options for the Planning, Environment and Economy portfolio and the Streetscene and Transportation portfolio, for consideration by the members of this Committee.</p> <p>Given the scale of the potential budget gap all services have been tasked with generating options to manage their service with a reduced budget. These options are included in the report for consideration by members of this Committee.</p>																		
1.04	<p><b>Planning, Environment and Economy – Cost pressures and proposals for budget reductions</b></p> <p>These are set out in the paragraphs which follow.</p>																		
1.05	<p><b><u>Table 1: Planning, Environment and Economy – Cost Pressures</u></b></p> <table border="1" data-bbox="288 815 1409 1133"> <thead> <tr> <th>Cost Pressure Title</th> <th>£m</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td><b>Prior Year Decision - Private Water Supplies</b></td> <td>(0.052)</td> <td>1.</td> </tr> <tr> <td><b>Strategic Decisions</b></td> <td></td> <td>.</td> </tr> <tr> <td>Private Water Supplies</td> <td>0.047</td> <td>2.</td> </tr> <tr> <td>Additional Licencing Schemes for HMO's</td> <td>0.144</td> <td>3.</td> </tr> <tr> <td><b>Total Cost Pressures</b></td> <td><b>0.139</b></td> <td></td> </tr> </tbody> </table> <p>Notes:</p> <p><b>1. Prior Year Decision - Private Water Supplies (£0.052m)</b></p> <p>The budget allocated to Community and Business Protection to undertake Private Water Supply work is being removed in 2024/25, however, the demand on the service with respect to this area of work continues to be high. The work can be time consuming and highly technical. It is forecast that the current backlog of outstanding risk assessments and monitoring will not be completed by March 2025. In total Flintshire has 291 sources of private water supplies, in 2022 a total of 28 risk assessments were completed - largely undertaken by the equivalent of 1.5 FTE's. Flintshire County Council has a statutory responsibility to undertake this work and are subject to the scrutiny of the Drinking Water Inspectorate.</p> <p><b>2. Private Water Supplies £0.047m</b></p> <p>It is requested that budget provision for the single post funded is continued, and made permanent, as we will also have on-going risk assessment and monitoring requirements in the future. In addition, it is vital that the service retains the specialist officer, who has achieved accreditation to undertake this work.</p>	Cost Pressure Title	£m	Note	<b>Prior Year Decision - Private Water Supplies</b>	(0.052)	1.	<b>Strategic Decisions</b>		.	Private Water Supplies	0.047	2.	Additional Licencing Schemes for HMO's	0.144	3.	<b>Total Cost Pressures</b>	<b>0.139</b>	
Cost Pressure Title	£m	Note																	
<b>Prior Year Decision - Private Water Supplies</b>	(0.052)	1.																	
<b>Strategic Decisions</b>		.																	
Private Water Supplies	0.047	2.																	
Additional Licencing Schemes for HMO's	0.144	3.																	
<b>Total Cost Pressures</b>	<b>0.139</b>																		

### 3. Additional Licencing Scheme for HMOs £0.144m

Subject to Member approval the Council could introduce a new scheme that would require smaller HMO's to be licensed. This would be dependent on the Councils determination that it was satisfied that the current market conditions are such that it believes a significant proportion of the county's HMOs are being poorly managed and are giving rise, or likely to give rise, to problems affecting their occupiers or members of the public. A Licencing scheme already exists to identify and monitor larger HMOs.

1.06

#### **Table 2: Planning, Environment & Economy – Budget Reductions**

<b>Budget Reduction Proposals – (From Outturn Review)</b>	<b>£m</b>	<b>RAG</b>	<b>Note</b>
Increase to Income Budget for Planning Fee Income	0.100	Amber	1.
<b>Total</b>	<b>0.100</b>		

#### **Notes:**

1. Increase in Planning Fee Income (£0.100m Amber risk) – Increasing Fee Income target in line with anticipated higher income levels. This follows a review of recent years' income levels and an expectation that, as the LDP moves towards adoption, investors will be more comfortable in bringing forward sites for development, resulting in a rise in the quantum of planning fees.

All Portfolios were required to review the budget reduction proposals which were initially proposed to assist with the 2023/24 budget but were not eventually taken forward. All the proposals from the Planning, Environment and Economy portfolio were taken forward to form the 2023/24 budget. These totalled £0.340m and equated to a reduction of 5% from the portfolio budget.

1.07

#### **Use of Balances and Reserves**

In addition to the budget reduction, following a review of the portfolio's balances and reserves, there is a one-off amount of £0.275m which will contribute to the overall general reserves.

1.08

The combination of budget reductions and the review of reserves and balances provides a total proposed saving for the portfolio of £0.375m or a reduction of 5.3% from the portfolio budget. This is in addition to the overall reductions to the Portfolio budget of £2.95m or 55% of the budget since 2014.

1.09

#### **Streetscene and Transportation – Cost pressures and proposals for budget reductions**

These are set out in the paragraphs which follow.

1.10

**Table 3: Streetscene and Transportation – Cost Pressures**

Cost Pressure Title	£m	Note
Fleet Contract Renewal	2.000	1.
Business Recycling Collections (New Duties)	0.438	2.
Mayrise Replacement	0.085	3.
Recycling & Compliance Officers	0.133	4.
Assistant Fleet Manager	0.055	5.
ULEV Transition Manager	0.049	6.
<b>Total Cost Pressures</b>	<b>2.759</b>	

### 1. Fleet Contract Renewal £2.000m

The fleet provision was externalised in 2016 and delivered through a 7-year contract with an external provider, following a compliant tendering exercise which delivered approximately £1.3m of savings at the time of award. The contract expires in October 2023 and, following an options appraisal, the contract will be extended for a further 7-year period, which was a provision permitted within the current contract. The value of the contract awarded in 2016 was £21m, with actual expenditure over the 7-period totalling £28m due to changing demands as a result of the pandemic for example. Negotiations with the provider are ongoing to confirm the projected value of the contract over the next 7 years based on a transition to ultra-low emission vehicles (ULEV) by 2030 with the range estimated to be between £35m-£41m, depending on when vehicles are replaced for ULEVs.

### 2. Business Recycling Collections (New Duties) £0.438m

The Welsh Government is introducing new regulations from April 2024 that will require all businesses, the public sector and third sector organisations in Wales to separate recyclable materials in the same way that most householders do now, which will mean local authorities having to collect or arranging for the collection of and receive, keep, treat or transport waste to not mix the separately collected recyclable waste streams with any other recyclable waste stream or with other types of waste or other substances or articles. This will require both the capital and revenue budgets to provide such a collection service and would include the purchase of new vehicles (for which there can be a two-year lead time), containers, contractual changes, sorting facility changes and associated permit condition changes, reviews of collection rounds and storage arrangements, increased staffing requirements, communicating with business premises as to the new collection arrangements.

### 3. Mayrise Replacement £0.085m

The Mayrise system is the back-office system that is used in Streetscene for all operational services and asset management for highways, grounds, street cleansing and waste and recycling collection rounds, which is linked to CRM and FCC mapping. The pressure relates to technical consultancy costs of £0.040m, with the costs of a new system estimated at £0.045m. There are annual licence fees currently being paid, and a new multifunction system will likely see inflationary costs incurred in licencing fees and mobile technology improvement costs beyond implementation.

**4. 3 x Recycling & Compliance Officers £0.133m**

**5. Assistant Fleet Manager £0.055m**

**6. Ultra-Low Emissions Vehicle (ULEV) Transition Manager £0.049m**

**4-6** The portfolio has been experiencing a number of challenges over the last 2 years with staff recruitment, retention and long-term absences, which have impacted the resilience and capacity of the existing teams. It is anticipated that the demands on the portfolio will continue to increase as legislation is updated or introduced and the pressure to deliver additional or new services multiplies. These areas of the portfolio have been identified as high risk, where increased capacity is required to ensure that the service remains resilient and ensure that we meet statutory targets, fulfil our legal duties and meet future anticipated demand.

Costs are based on interim support for the fleet services and waste strategy teams and creation of additional posts within the structure to ensure resilience and capacity. Figures are estimated and the grades of the posts would be subject to job evaluation

1.11

**Table 4: Streetscene and Transportation – Budget Reductions**

<b>Budget Reduction Proposals</b>	<b>£m</b>	<b>RAG</b>	<b>Note</b>
Part time opening of Household Waste Recycling Centres (HWRC)	0.150	Amber	1.
Garden Waste Collections	0.025	Green	2.
Review/Reduce Service Standards – Grass Cutting and Weed Spraying	0.025	Amber	3.
Food Waste Bag Charges	0.010	Red	4.
Review/Reduce Service Standards – Cemetery Maintenance	0.025	Amber	5.
Review of Hazardous Transport Routes	0.035	Red	6.
Introduce Night Working	0.025	Red	7.
Cleansing Standards/Zero Tolerance - Littering	0.030	Red	8.
Charge for Compost Material at HWRC sites	0.010	Amber	9.
Provision of In-house Services for weed spraying and traffic management	0.010	Green	10.
Increased Charging for Car Parking including changes to permit schemes	0.050	Red	11.
Full Cost Recovery for supporting community events	0.010	Amber	12.
<b>Total</b>	<b>0.405</b>		

**Notes:**

**1. Part time opening of HWRC sites (£0.150m)**

Councils are required to provide Household Waste Recycling Centres (HWRCs), which are reasonably accessible to the public. These provide an important waste management service to enable householders to dispose of, and recycle, their excess waste responsibly. The Council currently operates 5 centres across the county. The proposal is to open the HWRC sites over part of the week rather than the full 7 days as at present e.g., Friday to Monday. This option would still enable the council to provide a pattern of service provision which more than meets the required minimum service level. Savings would come from labour.

## **2. Garden Waste Collections (£0.025m)**

A policy is already in place for charging for collecting garden waste (as allowed under the Controlled Waste Regulations 1994), which is collected fortnightly currently. The charge will be increased from March 2024 to £35.00 for online payments and £38.00 for non-online payments. This option would involve increasing the subscription by a further £1 from March 2025, which equates to a 3% increase as part of the annual review of fees and charges.

## **3. Review/Reduce Service Standards – Grass Cutting and Weed Spraying (£0.025m)**

The service standards for the portfolio are normally reviewed every 3 years, so there is an opportunity to review the level of standard provided for operational services, such as grass cutting and weed spraying.

## **4. Food Waste Bag Charges (£0.010m)**

Implementing a charge for replacement food waste bags. There is the risk that participation will reduce as comparisons with other Councils where food bags are not provided free of charge to residents, shows that participation in food waste recycling is approximately half the level of those that do. This would also have an impact on recycling levels and a financial impact due to increased treatment costs.

## **5. Review/Reduce Service Standards – Cemetery Maintenance (£0.025m)**

This is a discretionary service - savings would come from a reduction in labour, plant and materials by reduced grass cutting frequency. Grass adjacent to paths and the front of graves will still be maintained. This is likely to have a positive impact on biodiversity and longer grass is more resistant to climate extremes such as droughts.

## **6. Review of Transport Routes (£0.035m)**

A further review of school transport hazardous routes. Savings would result from the withdrawal of school transport provision (indicative secondary school bus service cost) due to the routes no longer considered to be hazardous as a result of improved infrastructure.

## **7. Introduce Night Working (£0.025m)**

Streetscene introduced an evening shift in 2012. A small number of people work through the night (365 days a year) dealing with emergencies and small amounts of planned works. The proposal will see this level of work increase with operations such as gully emptying, town centre sweeping etc. carried out during the evening and overnight period. The saving will be generated by a reduction in plant and equipment.

**8. Cleansing Standards/Zero Tolerance – Littering (£0.030m)**

Reduce current cleansing standards and enforce zero tolerance for littering. Enforcement is currently shared between civil parking enforcement and environmental enforcement, which is a multi-functional team.

**9. Charge for Compost Material at HWRC sites (£0.010m)**

Currently all of the green waste collected from households through our brown bin collection service is processed into certified PAS100 compost product, which is available free of charge at our household recycling centres (HRCs). The proposal would introduce a charge to the customer for this. This saving will be net of the costs for bagging and storing the compost, payment mechanisms and administration of the provision.

**10. In-house Services - weed spraying, traffic management (£0.010m)**

Provision of services in-house rather than contracting them out to external providers, for example weed spraying and traffic management. Arrangements would need to be made for financing the necessary vehicles, plant and equipment, and training would be required for operatives

**11. Increased Charging for Car Parking including changes to permit schemes (£0.050m)**

As part of the annual review of fees and charges, car parking charges were increased from 1st October 2023. There is the option to further increase these charges from October 2024

**12. Full Cost Recovery for supporting community events (£0.010m)**

This is a discretionary service - introducing a charge for providing support for community events for road closures, such as fairs, festivals, street parties etc. to recover the costs of vehicles, plant and workforce.

**1.12 Use of Balances and Reserves**

In addition to the budget reduction, following a review of the portfolio's balances and reserves, there is a one-off amount of £0.008m which will contribute to the overall general reserves.



1.13	<p><b>Budget Timeline</b></p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><b><u>Table 5: Budget Timeline</u></b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>October/November 2023</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>19 December 2023</td> <td>Welsh Government Draft Budget</td> </tr> <tr> <td>19 December 2023</td> <td>Cabinet</td> </tr> <tr> <td>20 December 2023</td> <td>Provisional Local Government Settlement</td> </tr> <tr> <td>11 January 2024</td> <td>Corporate Resources Overview and Scrutiny Committee</td> </tr> <tr> <td>16 January 2024</td> <td>Cabinet – Budget Review</td> </tr> <tr> <td>20 February 2024</td> <td>Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td>1 March 2024</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	October/November 2023	Overview and Scrutiny Committees	19 December 2023	Welsh Government Draft Budget	19 December 2023	Cabinet	20 December 2023	Provisional Local Government Settlement	11 January 2024	Corporate Resources Overview and Scrutiny Committee	16 January 2024	Cabinet – Budget Review	20 February 2024	Cabinet and Council – Final Budget Setting	1 March 2024	WG Final Budget/Settlement
Date	Event																		
October/November 2023	Overview and Scrutiny Committees																		
19 December 2023	Welsh Government Draft Budget																		
19 December 2023	Cabinet																		
20 December 2023	Provisional Local Government Settlement																		
11 January 2024	Corporate Resources Overview and Scrutiny Committee																		
16 January 2024	Cabinet – Budget Review																		
20 February 2024	Cabinet and Council – Final Budget Setting																		
1 March 2024	WG Final Budget/Settlement																		

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p><b>Revenue:</b> the revenue implications for the 2024/25 budget are set out in the report.</p> <p><b>Capital:</b> there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<ul style="list-style-type: none"> <li>• Cabinet</li> <li>• Member Budget Briefings July and October 2023</li> <li>• Specific Overview and Scrutiny Committees</li> <li>• Corporate Resource Overview and Scrutiny Committee Meetings</li> </ul>

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• MTFS and Budget 2024/25 Cabinet Report July 2023</li> <li>• MTFS and Budget 2024/25 Cabinet Report September 2023</li> <li>• Member Briefing Slides</li> </ul>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Medium Term Financial Strategy (MTFS):</b> a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p><b>Revenue:</b> a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p><b>Budget:</b> a statement expressing the Council’s policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p><b>Budget Requirement:</b> The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p><b>Forecast:</b> An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p><b>Capital:</b> Expenditure on the acquisition of <b>non-current assets</b> or expenditure which extends the useful life of an existing asset.</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p><b>Specific Grants:</b> An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p><b>Welsh Local Government Association:</b> the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p> <p><b>Local Government Funding Formula:</b> The system through which the annual funding needs of each council is assessed at a national level and</p>

under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

**Aggregate External Finance (AEF):** The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

**Provisional Local Government Settlement:** The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

**Funding Floor:** a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.